HIPAA & TRICARE

Newsletter

Health Insurance Portability and Accountability Act

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National Provider Identifiers to be Implemented

A recently released HIPAA Rule seeks to enhance administrative simplification by providing a unique and lifelong National Provider Identifier (NPI) number for each healthcare provider across the entire United States healthcare industry. The rule applies to both civilian healthcare and Federal healthcare such as Department of Defense, Department of Veterans, and Health and Human Services.

Currently, health plans assign identification numbers to health care providers and suppliers. These identification numbers have not been standardized across health plans resulting in single health care providers having different identification numbers for each health plan, and often multiple billing numbers issued within the same health plan. This has complicated the submission of claims, as well as other administrative processes.

The goal of the National Provider Identifier (NPI) is to simplify the administration of the health care system and enable efficient electronic transmission of certain health information.

The Department of Health and Human Services will begin providing NPI numbers (enumerating) in May 2005. By May 2007, every provider that has his or her identifying information included in a HIPAA standard electronic transaction must use their NPI to identify themselves.

Working closely with the Services, TMA will soon be standing up an NPI integrated project team to develop policies, procedures, system requirements and an implementation strategy to ensure all the implications are fully considered and the best solutions are implemented across the MHS.

This article serves as an initial "heads up" on the topic of NPI. More information will be made available as we move forward with analysis and definition of requirements. For more details about NPI, visit the HIPAA & TRICARE Identifiers webpage at: http://www.tricare.osd.mil/hipaa/identifiers.html

HIPAA-compliant Electronic Third Party Collection Billing Deploys in MTFs

Let's declare a success! After two-and-a-half years of requirements definition, analysis, planning, and development, the Military Health System (MHS) has deployed the software changes in Third Party Outpatient Collection System (TPOCS) and Composite Health Care System (CHCS) that are needed for Medical Treatment Facilities (MTFs) to perform HIPAA-compliant electronic third party collection billing transactions. That's a mouth full.

What does this mean? Well, it means that DoD MTFs now have the capability to submit electronic claims to the clearinghouse which then submits to insurance companies (third party payers) with standardized data that meets Health Insurance Portability and Accountability Act (HIPAA) Administrative Simplification legal requirements.

Why is this important? First of all, it's the law. Federal Law (HIPAA of 1996) directs that healthcare claims submitted electronically between specified parties (HIPAA covered entities) must meet standardized and defined data and format requirements. Another reason is that submitting electronic claims simplifies and speeds processing and payment. HIPAA Administrative Simplification financial benefits are expected to be seen as a result of standardizing data and transactions across the healthcare industry.

If an electronic claim is sent with data that is not HIPAA compliant, insurance payers can reject the claim and send it back to the sender (the MTF) without payment. Since insurance payers have the right to reject electronic claims that are not HIPAA-compliant (i.e., if it doesn't meet HIPAA requirements), MTFs would have to submit their claims in a paper format—which is more labor intensive for the MTF and the payer. This also results in longer payment collection times.

Using HIPAA-compliant electronic billing is a win for MTFs. This newly deployed capability holds the promise of further improving efficiency for third party billing, and expediting payment back to MTFs.